

MAR 1952

FDD
FILE
COPYCLASSIFICATION CONFIDENTIAL
CENTRAL INTELLIGENCE AGENCY
INFORMATION FROM
FOREIGN DOCUMENTS OR RADIO BROADCASTSREPORT
CD NO.

50X1-HUM

COUNTRY USSR
SUBJECT Economic - Organization of contract relations
HOW PUBLISHED Books, 2 times yearly periodical
WHERE PUBLISHED Moscow
DATE PUBLISHED 1950-1953
LANGUAGE Russian

DATE OF INFORMATION 1949-1953

DATE DIST. 21 Apr 1954

NO. OF PAGES 11

SUPPLEMENT TO
REPORT NO.THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
OF THE UNITED STATES. WITHIN THE MEANING OF TITLE 18, SECTIONS 793
AND 794, OF THE U.S. CODE, AS AMENDED, ITS TRANSMISSION OR REVE-
LATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS
PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE As indicated

SUBORDINATION OF SOVIET ENTERPRISES;
SYSTEM OF ECONOMIC CONTRACTS

[Numbers in parentheses refer to appended sources.]

Subordination of Industrial Enterprises

The system of subordination of enterprises is closely related to the organization of industrial management, the procedure of establishing plans, and the system of work supervision. According to types of subordination, there are enterprises of all-union, republic, local (oblast or city), and rayon importance. The all-union enterprises are supervised by all-union ministries through their main administrations. Republic enterprises, which are usually medium-sized and which manufacture consumer goods and food products, are supervised by republic ministries.

Small factories and plants, which produce items to meet local demands (i.e., oblast or city) and which use chiefly local raw materials, are included in the system of local enterprises. They are subordinated to the corresponding division of the executive committee of the local soviet of workers' deputies; at the same time, they are also subordinated to the republic ministry heading a given branch of industry.

Finally, small enterprises of local and food industry, operating entirely on local raw materials and producing consumer goods for the needs of the local population, or carrying out repairs of footwear, clothing, and other articles of daily life, are included in the system of rayon industry. These enterprises are combined into rayon industrial combines.

In addition to state enterprises, there is also a large number of enterprises of industrial cooperatives, which represent the cooperative form of property.

- 1 -

CLASSIFICATION		CONFIDENTIAL	
STATE	NAVY	NSRB	DISTRIBUTION
ARMY	AIR	FBI	

CONFIDENTIAL

50X1-HUM

The type of subordination also determines the character of specialization, the procedure of allotting material and technical supplies, and the organization of sales.

The specialization of enterprises is organically connected with the practice of "cooperation," i.e., the establishment of a prearranged plan or production relations between enterprises for the manufacture of semifinished products or the handling of technological operations connected with the output of certain products. In this case, each enterprise is more narrowly specialized. The system of cooperation is most strongly developed in the shipbuilding, aviation, motor-vehicle, tractor, and other industries.(1)

Production Programs

The basis for working out the production program of an enterprise is the assignment given by a ministry (main administration) for the types and quantity of products to be manufactured by that enterprise. This assignment is based on the state national economic plan.

The extent of the assignment established by the production program depends on the demands of national economy for a specific product in which a certain enterprise specializes, as well as on the productive capacity of an enterprise, the capacity of equipment, the number and productivity of workers, the material and electric-power resources, and their utilization. If the productive capacity does not correspond to the assignment, efforts must be made to achieve a complete fulfillment of the state plan assignment by a maximum utilization of all production resources.

The production program of an enterprise usually includes the following types of products:

1. Basic products, which constitute the main specialty of an enterprise (for this group of products, the program is prepared on the basis of the assignment, from a main administration or ministry, determining the variety and quantity of products and delivery dates).
2. Products based on decentralized orders of local organizations (production of spare parts for agricultural machines, output of consumer goods from local raw materials, etc.).
3. Products based on orders of "cooperating" enterprises, most of which are also included in the assignments of main administrations.
4. Other products (production services rendered for other enterprises, products of auxiliary shops for sale to other enterprises, etc.).

There are two types of production programs: 1. long-range programs, which reflect a guide assignment given to the enterprise (or an individual shop or section) over a long period of time; 2. operational programs (per quarter, month, 10-day period, or shift), established in conformity with long-range plans, but covering less time and taking into account work experience and additional resources discovered during the fulfillment of the long-range plan.

The preparation of a production program requires the following data:

1. The yearly production assignment of an enterprise, which represents a national economic directive received by the enterprise from the ministry (main administration) and covering: (a) designation and quantity of each type of product to be manufactured according to plan, (b) selling price of products, and (c) delivery dates within a given plan period.

- 2 -

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

2. Calendar plan of preliminary production, determining the period when a new type of production is to be put into operation.

3. Plan of reconstruction and capital construction, installation of new equipment, etc.

4. Norms for the duration of a production cycle for finished and semi-finished products.(2)

A production program covers the following: 1. products regularly manufactured by the enterprises, 2. products produced periodically (i.e., series production), and 3. products manufactured on the basis of individual orders.(3)

The calendar distribution of production in a metallurgical plant is determined by the existing planning system for the supply of metal to the national economy. This system provides, first, that each metallurgical plant should have its permanent consumers in accordance with the plant's specialization and, consequently, a regular assortment of products; and, second, that deliveries of metal to the consumers are to be made at regular monthly intervals.

These conditions determine the constant, planned production cycle in a metallurgical plant. As a rule, a metallurgical plant renews its production each month and produces basically the same product for the same consumers (taking into account, of course, the growing requirements of national economy for new types of steel and new shapes of rolled steel products).

If the production program provides for simultaneous orders of a certain product, for the introduction of a new type of production, for the assignment of new customers, etc., the calendar plan of production must be determined in each case in accordance with delivery dates and the minimum period of time required for preparation and mastering of production.(4)

In establishing monthly production schedules, the plant has to determine the calendar priority for the production of different products in order to guarantee timely fulfillment of orders. According to established procedure, orders from Glavmetallobyt (Main Administration of Metal Sales) must reach the plant not later than 10 days before the first of the month so that a production schedule for the following month may be prepared in good time. Delays in the receipt of orders or changes in previous orders, which sometimes occur in practice, disrupt the preparation of work schedules and cause subsequent deviations from the schedule.

Procedure in Handling Orders

The registration of orders received by the plant and the grouping of these orders by customers, rolling mills, and shapes, sizes, and types of steel are usually handled by the sales division of the plant. Orders are registered in the order book as soon as they are received by the plant. The following form is used for the order book of a metallurgical plant:

No	Customer	Group	Type of Steel	Shape and Size	Length	Per Quarter	Quantity (in tons)		
							Incl Monthly Quotas		
							Apr	May	Jun
1	ZIS	1	10	Ø 90 mm	Standard	1,200	400	400	400
2	No 702	1	20X	Ø 60 mm	Same	200	100	100	100

- 3 -

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

Orders are separated according to rolling mills and grouped by shapes, sizes, and types of steel on the following form:

List of Orders for 550 MM Rolling Mill for April

No	Shape and Size	Length	Type of Steel	Customer	Weight (in tons)
1	Ø 90 mm	Standard	10	ZIS	400
2	Ø 90 mm	Standard	10	NKZ	250
			etc.		
Total	Ø 90 mm	--	--	--	6,200

On the basis of the above data, the production division of the plant prepares a work schedule for rolling mills.

In grouping orders according to priority, it is essential to be guided by the importance and urgency of each order and by the instructions of supervising organs regarding priority of individual orders (if such instructions have been received). (5)

Applications for Materials

Industrial enterprises must submit their applications for materials to the corresponding main administration (or trust). After the main administration has examined the requirements for materials, the collected orders are forwarded to the proper ministries and then, after being compiled by branches of industry, they are submitted to Gosplan USSR (State Committee for Material and Technical Supply of the National Economy) [now consolidated with Gosplan USSR] for inspection.

Gosplan USSR carries out the planned distribution of allocated materials. It assigns material funds to each branch of industry and these materials reach the individual enterprises through the ministries and main administrations. This system of distributing material resources is called "allocation of funds" (fondirovaniye). Within the limits of established funds, the consumer enterprises are attached to supplier enterprises, the latter being obliged to deliver the materials in accordance with allocated funds, conforming to specifications and terms agreed upon by both parties.

The supply of enterprises with other materials is done on the basis of contracts with supplier enterprises and the supply plans of ministries through the corresponding city, oblast, or republic planning organs. (6)

Functions of Sales Division

The sale of products by an enterprise is the culmination of the production process. The functions of the sales division in an enterprise include, among others, the conclusion of contracts with consumers in accordance with general sales conditions established for the enterprise; a continuous checking of the production process, so that the management may be notified in the event of changes of orders which would affect production or changes to be made in the assortment of products; and the settlement of accounts for the sale of products.

In practice, sales functions are carried out in different ways in various enterprises. In some enterprises, sales and supply are combined into one division; in ship-repair and shipbuilding enterprises, there is usually a contract

CONFIDENTIAL

50X1-HUM

CONFIDENTIAL

division instead of a sales division. Problems of organization are subject to the characteristic features of an enterprise. The main thing is to assure an exact and efficient performance of all functions connected with the sale of products.

The work of sales divisions is based on an exact knowledge of the production potentialities of an enterprise, on the timely receipt of a sales plan from the supervisory trust or main administration or of instructions to whom and under what terms to ship the products, and on the conclusion of proper contracts with the buyers. One of the main tasks of the operational planning of sales divisions is to eliminate all discrepancies between the planned output of the enterprise and the concrete demands of consumers. However, any changes in the planned assortment, production cost, or commodity output of an enterprise can be made only with the permission of the supervisory trust, main administration, or ministry.

It is obligatory for a sales division to take monthly inventories of the supply of finished products and to check the causes of diminution in the turnover of individual types of products.

Being familiar with the products of its own enterprise, the sales division must see that these products are properly used by the consumer and that the consumer has all the necessary information regarding technical and other properties of the product, storage methods, rules of delivery and acceptance, etc. A model sales division would be one which takes the initiative in checking on the use of the products manufactured by the enterprise and on the steps to be taken in perfecting and improving the products.(7)

Economic Contracts

Economic contracts are based on the general terms of delivery which have been approved for supplier enterprises by their ministries (general terms of delivery for ferrous and nonferrous metals, coal, petroleum products, machine tools, construction materials, and similar important items of industrial production are approved by the Council of Ministers USSR). These terms provide the general basis for the delivery of certain products, i.e., the allocated fund or official order of a superior planning organization, or an informal (neobuslovennyy) order from a consumer; the terms also provide a reference to established standards or technical conditions determined by special agreements, the procedure of delivery and acceptance of the products, the procedure of changing specified delivery dates and quantities of products, and other basic information.

On the basis of an approved plan of supply, general contracts are concluded between the central organizations of suppliers and the central organizations of consumers (main administrations or trusts). These contracts contain provisions for the procedure and dates for submitting specifications and official orders, and contain the nature of contract relations between specific suppliers and consumers, with precise mention of which enterprises and economic organizations are concluding local contracts. In the absence of general contracts, consumers and suppliers conclude direct contracts.

In many cases, when a single shipment is involved, the direct contract may be replaced by an order from the consumer and a proper confirmation from the supplier. In such cases, the consumer and supplier should either refer to the general terms of delivery or stipulate all the necessary delivery terms in the order.(8)

- 5 -

CONFIDENTIAL

50X1-HUM

CONFIDENTIAL

The economic contract serves to put the planned assignments of enterprises and organizations into concrete form and determine the obligations of enterprises and organizations with regard to amounts and dates of deliveries and quality and assortment of products.

During World War II, the role of the economic contract in regulating mutual relations among enterprises and economic organizations with regard to supply and sales of products was somewhat reduced in importance. Under the rigid centralization of distribution, the contract form of relationship was abandoned for certain types of products, such as coal, petroleum, and, above all, metal. At the same time, certain industrial managers, because of wartime conditions, did not give proper consideration to the economic contract as a form of relationship between enterprises. Although the importance of economic contracts was reinstated after the war, there are still some enterprises and organizations which fail to conclude contracts for the delivery and sale of their products. The serious shortcomings in the conclusion and fulfillment of contracts, and the lack of general contracts as a form of economic relationship between supplier centers and consumer centers, were serious obstacles in the nation-wide struggle for fulfillment of the postwar Five-Year Plan. To eliminate these shortcomings, the Council of Ministers USSR issued a special decree on economic contracts on 21 April 1949 [see 00-W-8752].

Between 1935 and 1950, the basic form of contract relations for the delivery of products was the direct contract between the parties immediately concerned with the fulfillment of the obligations, i.e., the supplier and the consumer. In accordance with the decree of 21 April 1949, general and local contracts were reinstated during 1949 and have predominated since that time.

The practice of concluding direct contracts, as the only form of relationship between economic organizations, was unable to meet the demands of the times. Under the system of direct contracts, i.e., those concluded directly between the enterprises and organizations assuming certain obligations, the supplier centers and consumer centers are not included in the system of contract relations. The role of the centers in establishing these relations between subordinate units is not determined in contract form, i.e., in the form of a mutual obligation. Main administrations of supply, trusts, and central organs of sales, supply, and procurement are not financially responsible for the failure of enterprises and economic organizations to conclude direct contracts, even though failure to conclude such contracts was due to the fault of these centers (for example, due to failure to send out official orders).

The conclusion of a general contract which is to meet all requirements is possible only after thorough preliminary work has been done. Allocated funds must be distributed among the enterprises and organizations, certain supplier enterprises must be assigned to certain consumer enterprises, product assortment must be examined, etc. Without a preliminary study of these matters, it would be impossible to conclude a general contract which would establish mutual relations between supplier and consumer and would serve as a basis for concluding local contracts.

It would be incorrect to assume that the most serious shortcomings of the past few years, i.e., failure to conclude contracts in a number of cases and the weakening of contract discipline, were entirely the fault of the ministries, departments, and enterprises. The government has also discovered shortcomings and errors in the work of Gosarbitrazh (State Arbitration Commission) under the Council of Ministers USSR, as a result of which the conclusion of contracts was seriously delayed and obstructed. The problem remained unsolved as to who would be responsible for making these enterprises which were avoiding the conclusion of contracts perform this obligation, if the managements or supervisory organs would not solve the dispute by means of an agreement.

- 6 -

CONFIDENTIAL

50X1-HUM

CONFIDENTIAL

In concluding contracts for 1949, some sales and supply centers attempted to evade the requirements set up for general contracts. In some cases, general contracts did not contain specific provisions for the distribution of products among enterprises and organizations, or definite instructions as to who was to conclude local contracts. Obviously, such contracts cannot serve as a basis for concluding local contracts.

One should not assume, however, that general and local contracts are the only acceptable form of contract relations and that there is no room at present for direct contracts. The decree of 21 April 1949 of the Council of Ministers USSR clearly indicates that in the absence of general contracts the suppliers and consumers should conclude direct contracts and that the ministries and departments should make provisions, in their drafts of basic terms, for the specific instances when only direct contracts are to be concluded.

In some cases, direct contracts are necessary, as general contracts may be concluded only between cost-accounting centers of suppliers and consumers; it is well known that not all ministries and departments have such cost-accounting centers within their system.

In concluding contracts for 1949, it appeared that general contracts could not be concluded in a number of cases, even though there were cost-accounting supply centers (main administrations of supply) under a certain ministry, since the supply of certain types of products is sometimes handled not by these centers but by other subdivisions of the ministries not operating on a cost-accounting basis. For example, in the Ministry of Fish Industry, the supply of enterprises with timber is one of the functions of the timber division, which does not operate on cost accounting; in the Ministry of Meat and Dairy Industry, the supply of enterprises with solid fuel, petroleum products, gas, and thermal power is a function of the power engineering and fuel division, which is not on cost accounting. In some enterprises, the workers' supply divisions and subsidiary units are supplied with agricultural machines and spare parts by the main administrations of workers' supply divisions, which are also not on cost accounting.

In some cases, there is actually no basis for concluding general and local contracts; direct contracts are completely adequate for correct organization of supply and sales. This applies to deliveries of equipment made on special (individual) orders, e.g., deliveries of rolling mills, blast-furnace equipment, and boilers by the Ministry of Heavy Machine Building to enterprises of the metallurgical industry, deliveries of products in the absence of a wide network of suppliers and consumers, and deliveries of products of a limited number of varieties. In all of these cases, the conclusion of direct contracts between the parties directly involved in fulfilling the obligations is, as a rule, the most practical form of contract relation.

Both local contracts concluded on the basis of general contracts and direct contracts have the purpose of giving a more precise definition of the delivery terms; the contracts must specify the exact quantity of products to be delivered, delivery dates (general and specific, i.e., within a quarter or a month), quality, assortment, prices, total costs of delivery, accounting procedure, consequences of contract violations, and other details, in accordance with the basic terms of delivery and the general contract.

The decree of 21 April 1949 has done much to strengthen the organizational role of ministries and departments in the practice of concluding contracts and has increased their responsibility for maintaining contract discipline in enterprises and economic organizations. However, in concluding contracts for 1949, a number of ministries and enterprises have permitted delays and many of the contracts, especially general contracts, did not meet requirements. The orders for concluding contracts were issued by some ministries with inexcusable delay. For example, the Ministry of Machine Tool Building issued its order for the conclusion

- 7 -

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

of contracts on 3 May 1949 and the Ministry of Agricultural Machine Building, on 7 May 1949 (only 3 days before the general contracts were to be completed, according to government instructions).

As a result of delayed preparations, the conclusion of general contracts was actually not begun by the ministries and departments until the second half of May and was not completed by the end of July 1949. Most of the disputes concerning general contracts were turned over by the ministries to Gosarbitrazh during June-July 1949. The examination of disputes by Gosarbitrazh disclosed that the concluded contracts frequently did not include the main points, i.e., the distribution of the products between supplier enterprises and consumer enterprises, and definite indications as to which suppliers were assigned to certain consumers. The delay in concluding general contracts and sending them to enterprises and organizations has caused considerable delay in the conclusion of local contracts.

It is important to study and analyze the errors made in the conclusion of contracts for 1949. New basic terms of delivery should be worked out, taking into account the changes in economic conditions during the past few years. The final goal is to include all suppliers and consumers in a system of economic contracts; it should be a general practice to carry out all operations of sales and supply on a contract basis.

Basic terms of delivery and general contracts must be sent to enterprises without delay to enable them to begin work on the conclusion of direct and local contracts.

Local and direct contracts must be clear and precise. Differences of opinion on contract terms, if not solved by mutual agreement, should be immediately turned over to the Gosarbitrazh for examination.(9)

The conclusion of a contract gives more stability to a planned assignment and increases the responsibility of both parties in fulfilling the plan. Attempts to avoid the conclusion of contracts are actually attempts to avoid a fixed yearly plan. A contract is a sign of initiative and independence on the part of local organizations; such qualities are incompatible with extreme centralization in deciding particular problems, such as the assortment of products, etc. Extreme centralization of supply and sales would make exact planning and accounting of consumer demand very difficult.

A contract may be concluded directly between the consumer and the producer, in which case it represents a form of cooperation between enterprises, or between sales or supply organizations, in which case it represents a form of supply and sales of standardized mass products.

The decree of the September 1953 Plenum of the Central Committee of CPSU has raised the importance of contract relations between town and country, between industry and agriculture, and has introduced new types of such contract relations (state purchases, commissions).

Considerable improvements should be made in the practice of concluding contracts. Some of the basic legal points in the procedure of concluding contracts should be combined into one normative act, similar to the Instruction of Gosarbitrazh of 9 December 1940, "On the Procedure of Coordinating Basic Delivery Terms, Concluding Contracts, and Examining Precontract Disputes;" this document played an important role at one time in improving contract procedures, but has now become outdated in many respects and has been partially replaced by new norms.

The following paragraphs discuss the general, practical, and theoretical aspects of concluding economic contracts.

- 8 -

CONFIDENTIAL

50X1-HUM

CONFIDENTIAL

There are some essential differences in regulating relations between socialist organizations, on the one hand, and relations involving individual citizens, on the other. These differences also apply to the conclusion of contracts. Norms of the Civil Code of the RSFSR and other republics determine general rules of concluding contracts; in addition, there are special norms determining the contract procedure between socialist organizations. However, the current rules of concluding economic contracts are not combined into one normative act.

Among various property relations existing between socialist organizations, the sale and purchase relation exists primarily between state organizations or industrial and consumers' cooperatives, on one side, and kolkhozes, on the other, as well as between kolkhozes themselves. Such contracts are not planned, i.e., they are not determined in each individual case by a planned assignment which is binding for both parties. The procedure of concluding such contracts is regulated mainly by Civil Code norms.

Contracts involving industrial or consumers' cooperatives, either as one or both of the contract parties, are concluded on the basis of the general procedure of concluding economic contracts.

Articles 131-135 of the Civil Code RSFSR contain a number of basic rules for establishing contract relations. The most important contract relations between socialist organizations are established on the basis of direct plan assignments. Neither of the parties may refuse to conclude a planned contract while the plan assignment is in effect.

The preliminary distribution of allocated funds among consumers, i.e., main administrations and individual enterprises, is especially important for a timely conclusion of delivery contracts; this is followed by a preliminary agreement with the organization submitting the draft of the "distribution list." This kind of work is done by the ministries and departments on the basis of copies of the supply plan outline. The government-approved "Basic Delivery Terms" regulate this work, which constitutes a separate and essential stage in the conclusion of contracts.

Before the draft of a general contract is sent out, it may be preceded by:

1. a notification of the supplier concerning the planned and allocated funds of products; the notification is sometimes accompanied by a specified list of these products and an indication of individual supplier enterprises and quarterly delivery periods. This notification usually has to be sent within 10 days from the date of approval of the state plan of supply. Upon receipt of the notification of the allocated funds, the consumer has to furnish the supplier within 10 days with a list of distribution of the allocated products among individual enterprises and organizations.
2. More frequently, the initial step in concluding a general contract, in accordance with the Basic Delivery Terms, is the presentation of a distribution list by the consumer to the supplier. This distribution of the products must be made known within 10-15 days from the date of approval of the state plan of supply, or after approval of the distribution plans by the proper ministries.

In most cases, both of the above mentioned stages, i.e., presentation of a notice of allocation by the supplier and presentation of a distribution list by the consumer, are necessary for concluding a general contract.

In the case of deliveries of metal products and chemical products, the supplier is not obliged to send out a preliminary notice of allocation to the consumer. However, in practice this turns out to be necessary, and in a number of cases when consumers failed to receive such notices they have applied to the distribution commission. For example, in concluding general contracts for 1954, some

CONFIDENTIAL

50X1-HUM

CONFIDENTIAL

claims were presented to Gosarbitrazh by the Main Administration of Supply, Ministry of Electrical Industry, against the Main Administration of Metal Sales, and by the Main Administration of Supply, Ministry of State Farms, against the Main Administration for the Sale of Chemical Products.

The Instruction of Gosarbitrazh of 9 December 1940 has established as a general rule that the draft of a contract must be sent out by the supplier (contractor) no later than 25 days before the final date for concluding such contracts, as established by the USSR government. However, in the case of delivery contracts such norms are no longer effective. The basic terms of delivery have established more specific periods for sending out the draft of a yearly contract, depending on the date of approval of the state plan of supply and the period required for completion of preliminary steps. The new periods are based on the fact that economic organizations must complete the conclusion of general contracts within 30 days, and of local and direct contracts within 60 days, from the date of approval of the state plan of supply. Obviously, the 25-day period is not applicable to either short-term or single-delivery contracts, since these are to be concluded within 10 days from the moment when both parties were informed of the necessity of the delivery.

While the instruction of 9 December 1940 allows the buyer or customer a 10-day period for signing and returning the contract to the supplier or contractor (this action being considered as an acceptance of the offer), the currently effective basic terms of delivery allow from 2 to 12 days for this purpose. Such considerable differences in time are not always justifiable. For example, for the delivery of agricultural machines the draft of a local or direct contract must be sent out in 5 days, for the delivery of construction and road machines, in 10 days, and for the delivery of ball and roller bearings, in 15 days after receipt of copies of the distribution lists. The same differences in time exist in the signing and returning of the documents by the consumer. Such differences in time are confusing to the customers, who may have to conclude a great number of contracts simultaneously and must be guided sometimes by numerous varieties of basic terms. The establishment of uniform periods of time, with the exception only of the most complex products manufactured on individual orders, would be entirely possible and much more expedient.

The preparation of a contract draft and its presentation to the other party is the duty of the supplier or contractor. This applies to all types of contracts, with only a few exceptions. For example, in the delivery of products by manufacturing enterprises to a number of specialized sales organizations, the draft of the contract is prepared by the recipients of the products and not by the supplier. The same applies to the conclusion of contracts for the delivery of ferrous and nonferrous scrap metal. Such exceptions can be explained by the fact that in some instances the conclusion of a contract is essentially the responsibility of the customer and is usually connected with his particular position as sole buyer of a certain kind of product.

In examining the differences between the present procedures of concluding delivery contracts and the rules established by the Instruction of 9 December 1940, it becomes evident that a new instruction on the procedure of concluding economic contracts is urgently needed at this time. (10)

- 10 -

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

SOURCES

1. Kamenitser, S. Ye., "Organizatsiya i planirovaniye sotsialisticheskogo promyshlennogo predpriyatiya," (Organization and Planning of a Socialist Industrial Enterprise), Gosplanizdat, Moscow, 1950, pp 17-21
2. Ibid., pp 282-285
3. Ibid., p 294
4. Ryabin'kiy, B. Ya., "Planirovaniye proizvodstva na metallurgicheskoy zavode," (Production Planning in a Metallurgical Plant), Metallurgizdat, Moscow, 1950, pp 56, 57
5. Ibid., pp 534, 535
6. Kamenitser, S. Ye., op. cit., pp 350, 351
7. Bronskiy, G. I., "Izhaschet i rentabel'nost' promyshlennogo predpriyatiya," (Cost Accounting and the Profitability of an Industrial Enterprise), Gosfinizdat, 1950, Moscow, pp 68, 69
8. Ibid., p 62
9. Narodnoye Khozyaystvo, Sbornik No 2, 1950, pp 254-264
10. Sovetskoye Gosudarstvo i Pravo, No 8, 1953, pp 86-95

- E N D -

50X1-HUM

- 11 -

CONFIDENTIAL